

of many of these organizations, but HUD needs to act now and needs to get this rule out as final.

I oppose any attempt to delay the rule and oppose this amendment. I think that if the Federal Government is so concerned about how a program is operating that it feels compelled to draft a regulation, I think we should carefully review the situation before we rush to overturn that effort. Frankly, we have not done that.

Mr. Chairman, I yield back the balance of my time.

Mr. OLVER. Mr. Chairman, I move to strike the last word.

The Acting CHAIRMAN. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. OLVER. Mr. Chairman, I am actually in support of this amendment. I think the authorizers have been hard at work at reforming the FHA program, and I support their efforts to resolve this issue.

I yield to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I rise in strong support of the Miller-Waters-Green amendment to H.R. 3074. On June 22, 2007, the Subcommittee on Housing and Community Opportunity, which I chair, held a hearing on homeowner down payment assistance programs. That hearing provided a window into down payment assistance programs that I had not seen before.

The hearing was prompted by the issuance of the HUD proposed rule on May 11, 2007, to terminate down payment assistance programs. I applaud HUD for extending the comment period for the proposed rule, but that is not enough.

Down payment assistance provided by charitable organizations to low- and moderate-income individuals and families to purchase homes has been a mainstay of HUD and FHA since 1999. In fact, we heard testimony that 30 to 40 percent of FHA loans used some type of down payment assistance.

What was even more astonishing was that HUD proposed a similar rule in 1999, only to have never finalized it. Indeed, HUD's failure to finalize a rule gave de facto approval for the continuation of many down payment assistance programs.

Down payment assistance is often used in conjunction with HUD's mortgage insurance under the 203(b) program administered by FHA. Down payment assistance programs have helped nearly 1 million low- and moderate-income persons become homeowners, providing an instant source of equity for them. Homeownership would be out of reach to thousands of homeowners without down payment assistance programs.

Unfortunately, HUD's issuance of the proposed rule on May 11, 2007, would eliminate the use of down payment assistance programs. FHA opposes the use of direct or indirect funding provided from the sale of property, and that is fine. But an across-the-board re-

jection of all down payment assistance programs without further review, analysis or clarification from HUD is unacceptable.

Down payment assistance programs do not need to be the scapegoat for, as what one HUD called it, the "looming shortfall" in HUD's fiscal year 2008 budget. I believe if HUD is left to its own devices, this is exactly what will happen to down payment assistance programs.

I support down payment assistance programs meeting Federal requirements. Therefore, I ask that you join Gary Miller, Al Green and me in supporting the amendment to prohibit HUD from implementing the proposed rule with any funds from this bill.

Mr. OLVER. I yield to the gentleman from Texas.

Mr. AL GREEN of Texas. Mr. Chairman, I rise in support of the amendment because it is a good amendment, and HUD's language is bad language.

Mr. Chairman, since 1997, this program has assisted literally nearly 1 million families with down payment assistance. In my district alone, it has helped more than 600 families. This program is a privately funded down payment assistance program. I think that is important for us to highlight, a privately funded down payment assistance program.

Yes, there is some concern with reference to the appraisals, but that can be amended and fixed by way of a program similar to what the VA has. The VA has a blind pool appraisal process. With a blind pool appraisal process, you can get the appraisals that are fair market value, and you will save the program that has helped so many families.

This program is viable. It helps community development. It is meaningful. It helps needy buyers. It is workable. It can work through HUD, and it is achievable without this language. I suggest that my colleagues vote for it. Let's save this program. Let's vote for this amendment.

Mr. OLVER. Mr. Chairman, I yield back the balance of my time.

Mr. GARY G. MILLER of California. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I respect my good friend's argument on behalf of Treasury and HUD; however, I want to remind my colleagues that it has been just a few years ago that Treasury and HUD came to us and asked us to implement the American Dream Down Payment Assistance Act, which means the Federal Government will give individuals the down payment and closing cost money necessary to be able to own a home that otherwise they would never be able to own a home where they can make the payment.

The argument made to us is the private sector is doing it. We can implement upon what the private sector is doing, and with the government's participation, we can put even more people into homes.

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Now, if we have a problem as some say with appraisals that are not being factual enough, then let's implement the same underwriting criteria that FHA will use on zero downpayment and FHA uses on the American Dream Downpayment Act. If you can come up with a reasonable appraisal to give Federal dollars to somebody to buy a home, why can you not come up with the same criteria for a reasonable appraisal to help the private sector put people into homes?

Mr. GREEN made a very good point. We put a million people into homes with the Downpayment Assistance Program provided by the private sector, and the argument made in committee was 15 percent of these loans that were made are troubled. Now, that does not mean that 15 percent are being foreclosed upon. That means 15 percent might have missed a payment at one point in time or had some other problem at some other point in time.

But on the other side, you have 850,000 people, families who own a home today, who built up equity they would not have otherwise have had renting a home and now have a home that had it not been for the private sector would have been renting an apartment or be in section 8 or in government housing.

If that 15 percent relates to 4 or 5 percent in foreclosures, and if that 4 or 5 percent has something to do with underwriting standards being used that do not meet the criteria they should meet, or if appraisals are being implemented that do not meet the criteria they should meet, let's get together as a Congress first in committee, let's deal with the problems and rewrite the law and bring it before this House and debate it, and let's make sure that the bad apples and those that my friend said are practicing scam practices are eliminated.

But to think that we are going to eliminate the possibility in the next 4 or 5 years for a million families to own a home, or have them come to the Federal Government and ask for a downpayment when they could also go to the private sector and ask for a downpayment, it seems some way disingenuous and unrealistic for us to do that. If there is a problem, let's fix it. If FHA can offer a zero downpayment loan under given underwriting criteria, and we use the same underwriting criteria for a downpayment assistance loan and the person owes \$200,000 with zero downpayment and \$194,000 with the downpayment assistance, they are better off with the program.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. GARY G. MILLER).

The amendment was agreed to.

AMENDMENT NO. 22 OFFERED BY MR. HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. Without objection, the Clerk will report the amendment.